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CHAIRMAN BUYER'S OPENING STATEMENT

MILITARY COMPENSATION AND RECRUITING AND RETENTION

MILITARY PERSONNEL SUBCOMMITTEE

March 13, 1997

Today the Subcommittee on Military Personnel will turn its attention to the predominate quality of life program in the military—military compensation—and two programs that contribute directly to the future combat readiness—recruiting and retention.

During this past fall, the House National Security Committee staff conducted an extensive series of focus groups with officers, enlisted personnel, and their families at military installations across the nation and in the overseas theaters. The results were troubling, not just because they demonstrated with remarkable consistency that military quality of life has eroded over a wide range of programs, but also because they confirmed the damage that many of the members of this committee had feared would ultimately occur as the defense budget has been reduced notwithstanding the reassuring testimony of DOD officials throughout the drawdown.

The focus groups have shown that not only are military people under immense stress resulting from a pervasive “do more with less” attitude and record operations tempo levels, but they are also struggling to make financial ends meet in the home. The message from these groups was very clear—people are wearing out and, absent any changes to the financial or operations tempo conditions, it was only a matter of time before retention and recruiting would suffer.

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Military Compensation

The enduring message of financial need emerging from the focus groups was emphatically reinforced on March 4th during a joint hearing with the Readiness Subcommittee. Testimony that day from the senior enlisted witnesses and the spouses of military members was compelling and unequivocal—a pay increase was the highest priority need for all members, but particularly the enlisted force.

The issue of the military pay raise is an interesting one. For example, the President's budget request makes a point of clarifying that the 2.8 percent increase is the largest allowed by law, even though it is one-half of a percent below the pay raise dictated by the Employment Cost Index or ECI. As a result, this pay raise will follow suit with the pay raises in fiscal years '94, '95, and '96 and will contribute to the growth in the gap between military and civilian pay increase rates. The only pay raise that did not increase the gap was the fiscal year 1997 pay raise which was, at 3 percent, two-tenths of a percent higher than the ECI level. Although I understand that experts disagree on the pay comparability issue and the significance of the gap, I do not believe that it is healthy to allow the gap to be systematically increased year after year. If the budgets continue as currently projected, the gap will increase to 13.5 percent in fiscal year 1998, and ultimately to over 15 percent in 2001. We simply must cooperate and find a way to prevent that from happening.

My interest in correcting this situation is made even more compelling when you consider that the one-half of a percent decrement in question results from a legislative nexus with the law that dictates the Federal civilian pay raise and has no connection to the management of military personnel.

In addition to the pay raise, this legislative year promises to be the busiest in nearly 20 years. The Congress has been anxious to reform both the Basic Allowance for Subsistence or BAS and the Basic Allowance for Quarters or BAQ. The President's budget includes a proposal to reform BAS. It is not without controversy, so we look forward to learning more about it today.

Recruiting

When I think of important missions performed by the peacetime military, I tend to think about the actions we take today to protect combat capability in the future. When you do that, the one obvious conclusion is that quality people are absolutely essential in any future military force. That means recruiting has to be one of the most important missions, if not the most important mission, in today's military.

My concern about recruiting has recently been heightened by a series of management decisions taken by the Army as it confronted increased difficulty achieving its recruit quality goals. In January 1997, the Army was facing a potential shortfall of 14,000 from its fiscal year 1997 accession mission and a drop in recruit quality to 88 percent high school diploma graduates, seven percent below their objective. Given the austere budget environment, the Army's response was extraordinary. The Army stopped the departure of recruiters as they reached the end of their tours thereby immediately adding 350 field recruiters to the force. The Army incrementally added \$68 million dollars to enlistment bonuses, education incentives, and advertising. The Army doubled the recruiting objective for prior service personnel, an easier population to recruit, from 4 percent to 8 percent. And the Army announced on March 4th that their goal for recruits with high school diplomas would be reduced from 95 percent to 90 percent.

This was a very troubling event because no one really knows how deep this problem is and how much we will have to invest to be assured of recruiting success. Are we embarking on a slippery slope of recruit quality erosion and increased resource investment? For example, if the increases the Army has applied during fiscal year 1997 are extended to 1998, the cost jumps to an additional \$122 million—an amount that will be very difficult to find in a very tight budget.

What is even more worrisome is the almost inevitable threat that the problems being experienced by the Army will be extended to the other services. Historically, the Army is always the first to experience negative recruiting trends. Certainly, the other services are not immune to the conditions that created the challenging recruiting environment. The higher accession requirements that come with the end of the draw-down, an economy that is producing jobs, the reduced number of enlistment aged youth, the declined youth propensity to join the military, and the stagnation of recruiting funding within tight budgets are real problems for all the services. Overlaying the recruiting problem is a growing problem with first term attrition that I fear may be the result of a growing disconnect between the moral and ethical standards within society and the standards espoused within the military. Our discussions with recruiting managers has yielded very few optimistic voices. Caught in the tangle of uncertainty are the recruiter themselves. We must find ways to motivate them to succeed while enhancing their quality of life. We look forward to gaining a better understanding of the scope of the problem today.

Retention

Finally, we will examine retention in the services. Having heeded the warning of the men and women we spoke to last fall, I am very interested in understanding the services strategy for improving attitudes about retention. We have always feared that the drawdown had masked a fundamental shift in attitudes within the force about military careers from a predisposition to needing justification to get out to needing justification to stay in. While first term reenlistment rates always bear watching as the historical indicator of retention climate, I have observed a more disturbing trend for second term reenlistment rates to go down. This would appear to reflect the very quality of life concerns we heard about in the focus groups, and I would hope the services are tracking these trends very closely as we, in theory, emerge from the drawdown. I say in theory because we have noted in both the Air Force and the Navy continuing efforts to reduce end strength. The specter of a continuing drawdown has got to have a very corrosive effect on morale and retention, and I would hope the services have approached these cuts very cautiously.

I am also increasingly concerned about the retention of some of our high value people such as pilots and nuclear qualified officers. It seems that every day there are articles about new trends in airline hiring and their preference for military trained pilots, when they can get them. We have already seen decreased willingness within the pilot and nuclear officer communities to accept retention bonuses. We need to understand what has to be done to turn the trend around and retain these valuable resources.

I would like to welcome our panel today. There are some familiar faces and some new faces.

The most familiar of the faces is the Honorable Frederick Pang, Assistant Secretary of Defense for Force Management Policy, a respected authority on military personnel matters. Welcome Secretary Pang.

I would also like to welcome back Lieutenant General Michael D. McGinty, Deputy Chief of Staff, Personnel, United States Air Force.

Appearing for the first time before the Subcommittee are the newly installed personnel chiefs from the Army, Navy, and Marine Corps. This was quite a revolutionary year in the personnel business. I can assure each of you that the Subcommittee had nothing to do with your predecessor's departure. This is a "personnel chief friendly environment." Seriously, you are this Subcommittee's primary links with the services and we look forward to working closely with each of you. Let me welcome—

Lieutenant General Frederick E. Vollrath, Deputy Chief of Staff for Personnel, United States Army

Vice Admiral Daniel T. Oliver, Chief of Naval Personnel, United States Navy

Lieutenant General Carol A. Mutter, Deputy Chief of Staff for Manpower and Reserve Affairs,
United States Marine Corps

Secretary Pang, would you please begin. We will follow your statement with the statements from the Army, Navy, Air Force, and Marine Corps, in that order.